

# SENATE BILL REPORT

## HB 1450

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As Reported By Senate Committee On:  
Consumer Protection & Housing, March 27, 2007  
Ways & Means, April 2, 2007

**Title:** An act relating to the exemption of housing for very low-income households from taxation.

**Brief Description:** Modifying provisions that exempt housing for very low-income households from taxation.

**Sponsors:** Representatives Sells, Strow, Miloscia, Curtis, O'Brien, B. Sullivan, Roberts, Lovick, Appleton, Kenney, Ormsby and Hasegawa.

**Brief History:** Passed House: 3/14/07, 89-7.

**Committee Activity:** Consumer Protection & Housing: 3/20/07, 3/27/07 [DPA].  
Ways & Means: 4/02/07 [DP, w/oRec].

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### SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

**Majority Report:** Do pass as amended.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Honeyford, Ranking Minority Member; Haugen, Jacobsen, Kilmer, McCaslin and Tom.

**Staff:** Jacob White (786-7448)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hobbs, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Honeyford.

**Staff:** Dianne Criswell (786-7433)

**Background:** Property owned or used by a nonprofit entity to provide rental housing for very low-income households or used to provide space for the placement of a mobile home for a very low-income household within a mobile home park is exempt from property taxes if at

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

least 75 percent of the units on the property are occupied by very low-income households and if the housing is financed or otherwise assisted by a federal or state housing program administered by the Department of Community, Trade and Economic Development; or a county, city, or town affordable housing levy.

**Summary of Bill:** Rental properties for very low-income households owned or used by nonprofit entities are exempt from property taxes if they have received financial assistance from a federal program administered by a city or county government; or a document recording fee surcharge imposed for the purpose of affordable housing development or to reduce homelessness.

**EFFECT OF CHANGES MADE BY RECOMMENDED STRIKING AMENDMENT(S) AS PASSED COMMITTEE (Consumer Protection & Housing):** The amendment adds section 1 of Substitute House Bill 2059 to the underlying bill as follows:

A property tax assessment may not consider a highest and best use for a property that is not permitted for that property under existing zoning or land use planning ordinances, statutes, or other government restrictions.

For property assessments, consideration should be given to any agreement with a government agency that restricts rental income, appreciation, and liquidity, and to the impact of government restrictions on operating expenses and ownership rights.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Consumer Protection & Housing):** PRO: This program is voluntary for cities to participate in. This is simply one piece of the puzzle that is affordable housing. This seemingly small amount of money can make the difference between one of the low-income projects happening or not. Housing trust projects are limited. This will speed the process of getting these homes built, which will in turn encourage more low-income housing and higher density of housing in cities. This bill does not create a new recording fee.

**Persons Testifying (Consumer Protection & Housing):** PRO: Representative Sells, prime sponsor; Kim Herman, Washington State Housing Finance Commission; June Robinson, Housing Consortium of Everett and Snohomish County.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This bill will speed the process of getting these homes built by eliminating the need of applying for housing trust funds. Many families in Washington need affordable housing. This bill will encourage more low-income housing. The striking amendment from Consumer Protection and Housing provides clarity to county assessors on valuing property.

**Persons Testifying (Ways & Means):** PRO: June Robinson, Housing Consortium of Everett & Snohomish County; Amber Carter, Association of Washington Business.